



REAL ESTATE INVESTMENT COOPERATIVE

## **Minutes for NYC REIC Steering Committee Meeting**

**7pm to 9pm March 29, 2016**

**Location:** 540 President Street, 2E, Brooklyn, NY

**Present:** Brooklyn Law School students, CEANYC rep, 3 REIC members (including the CEANYC rep), all 8 SC members: Oksana, Adele, Sam, Todd, Mara, Joe, David, K

### **Agenda:**

**Open meeting: 7.15pm to 8.30/8.45pm**

#### **Cooperative Economics Alliance of NYC (CEANYC) presentation & discussion (15-30 minutes)**

- Determine if the REIC should join CEANYC
  
- CEANYC: a cross-sectoral network of solidarity economic groups, and wants the REIC to join the alliance! was incubated by SOLIDARITY NYC
- Steering Committee established June 2013 after research and writing Growing a Resilient City report Feb 2014; more research, reports, research, reports...
- Aug 2015, opened for membership: currently 27 member orgs with SC of leaders from member orgs; launch on April 18, will elect next board. First program will be Cooperative Leadership Institute launching Fall 2016. (Based on cooperative management school of the city in the 70s)
- Towards a thriving cooperative ecosystem: loan fund, CLI, value chains, policy and advocacy, increased visibility, resource hub and collaboration with social justice orgs (linking this movement to social justice moments happening in parallel in the city)
- Current members: <http://gocoopnyc.com/how/>

**SC will review, discuss and get back to Ben.**

#### **Brooklyn Law School (BLS) students from Center for Urban Business Entrepreneurship (CUBE) presentation & discussion (45 minutes)**

- Offer any immediate feedback on students' work thus far

#### ***Research report-back -- What are our legal obligations?***

- Accounting obligations: record keeping important for taxes and other documents
- Charter obligations: SC must keep quorum and other promises of charter
- NUA status: Currently REIC is officially a non-profit unincorporated association (NUA).
  - NUA's are generally short term goals, clubs or community groups
- REIC has a 501c3 fiscal sponsor, Spaceworks::
  - Fiscal Sponsorship is not defined in the law but is a formal, contractual arrangement with an existing US tax exempt org seeking to raise tax-deductible funds to conduct a charitable

project either prior to or without incorporating IRS recognition as a tax-exempt org. REIC's charitable activities are protected if they further the goals outlined in the Fiscal Sponsorship agreement.

- According to our agreement, Spaceworks waives admin fee under \$10,000 (and we do the labor); over \$10,000 grants and donations, the REIC will pay Spaceworks a 10% fee.
- 501c3s have limits on lobbying we need to follow, too, that prohibit them from participating in political or legislative activities:
  - can lobby to further tax exempt purposes;
  - "cannot devote more than insubstantial part of their activities to influencing legislation."
    - There are different ways to evaluate what this means.
    - Instead of this,, an org can do a 501 H election: agree to spend a set amount for influencing legislation, so it's no longer arbitrary. For spaceworks, its 20% of \$ spent
    - Legally, it's not considered lobbying if the 501c3 is invited by the politician for a meeting
    - You can take a stance on legislation or policy, but can't take a stance on a *candidate*, and needs to be non-partisan.
    - They will get back to us on exact definition of what constitutes lobbying
    - Lobbying activities have to align with org's Charitable Purpose: specifically defined legally (see slide)
    - **Todd suggests CUBE review and update Spaceworks fiscal sponsorship agreement**

#### Member questions & comments unrelated to the two presentations (15 minutes)

- Report back from RealCap Pittsburgh, A Real Estate Crowdfunding Conference, and we had a discussion:
  - Lots of real estate folks do want to cut out big financial services fees; developers particularly are tired of them and they are pushing it
  - Described as a similar intervention as right before napster, and lots of false starts expected.
  - The event wasn't so much about people investing in their own communities, so much as allowing more people to participate in investment -- decentralizing that.
  - Some orgs present *were* distinctly interested in facilitating investment in their own communities
  - How does REIC feel about where the money comes from? "We care where the decisions live"
  - Platforms being designed for bulk transactions to get their cut.
  - We could potentially these platforms to help fill gaps after raising all the rest. As long as the control is there...
  - Marty Coin CTO at connectedinvestors.com.
  - Tony Schwartz from chicago wrote the interstate crowdfunding laws
  - How is this different than DPOs?
    - People found DPOs were better for small business and growth financing and less in real estate. But **crowdfunding is** specifically online.
    - Can't do DPOs online and can't stay what the prices will be. And very careful advertising for DPOs.
- Per transaction, Kickstarter gets 4% and amazon gets 3%

**Closed meeting: 8.30/8.45 to 9.15pm**

Spaceworks discussion: fiscal sponsorship and other future potential collaborations

Todd --- will work with BLS CUBE students to revise agreement and give us an update

Spaceworks might provide property management services

Spaceworks doesn't own properties but could

If they had the opportunity to take title of property, it opens door to discussion about CLT

Committees

- Identify timeline for approving committee descriptions, and empowering members to go forward with organizing/moving forward with committees.
  - [Related Document](#)

DG to send template for finalizing committee descriptions

Tabled to meeting on Sunday, April 10th (see below)

Mission statement

- Identify process for drafting/approving mission statement.
  - [Related Document](#)

Tabled (after meeting, a discussion about how orgs have short and long versions)

**Agenda for Meeting on Sunday, April 10th at FAB**

- Todd will get key
- Finalize committee descriptions
- Start planning for April 28th all-member meeting
  - Tasks:
    - Promotion (facebook, eventbrite, blog, text, etc),
    - Volunteer coordinator: volunteers do several tasks including new member sign up (going to try to do it online now)
    - Run of show, MC-ing, line up, coordinating with presenters...